

PUBLIC DISCLOSURE

November 7, 2001

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

METROPOLITAN CREDIT UNION

**200 REVERE BEACH PARKWAY
CHELSEA, MA 02150**

**DIVISION OF BANKS
ONE SOUTH STATION
BOSTON, MA 02110**

<p>NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks concerning the safety and soundness of this financial institution.</p>
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GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires the Division of Banks (Division) to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the needs of its entire assessment area, including low and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the Division must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the Community Reinvestment Act (CRA) performance of **Metropolitan Credit Union** prepared by the Massachusetts Division of Banks, the institution's supervisory agency, as of **November 7, 2001**. The Division evaluates performance in the assessment area(s), as they are defined by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the institution's branches. The Division rates the CRA performance of an institution consistent with the provisions set forth in 209 CMR 46.00.

INSTITUTION'S CRA RATING: This institution is rated "Satisfactory."

As a large institution community credit union, Metropolitan Credit Union was evaluated on the Lending and Service Tests of the Large Institution CRA Examination Procedures. Due to state and federal limitations on investments, the credit union was not evaluated under the Investment Test of the aforementioned procedures

The institution's performance as measured by the Lending and Service Tests under the Community Reinvestment Act resulted in a satisfactory rating for Metropolitan Credit Union. The following summary highlights the results of the efforts made by the board of directors, management, and staff to meet the credit union's CRA responsibilities.

Metropolitan Credit Union's lending efforts were evaluated under seven major performance criteria: Lending Activity, Geographic Distribution, Borrower Characteristics, Community Development Lending, Innovative or Flexible Lending Practices, Efforts to Assist Low and Moderate-Income Residents Remain In Their Neighborhoods, and Fair Lending Policies and Practices.

In view of the number and dollar amount of HMDA reportable loans granted in its assessment area, Metropolitan Credit Union has demonstrated an adequate responsiveness to credit needs. A majority of the credit union's loans are made within its assessment area, and are adequately distributed throughout the various income level geographies, including low and moderate-income geographies. Lending to individuals of different income levels was found to be adequate. The institution's community development loans and innovative and flexible lending practices address the credit needs

of low and moderate-income individuals in the community. In addition, the credit union's fair lending performance was determined to be adequate at this time. Therefore, Metropolitan Credit Union's lending performance warrants a satisfactory rating.

Under the Service Test, the institution's retail banking services and community development services were evaluated. The credit union's products and alternative banking services are tailored to the convenience and needs of its assessment area. Community development services, while limited, promote economic development and target low and moderate-income individuals and/or geographies. Therefore, the institution's service performance receives a rating of satisfactory.

Metropolitan Credit Union is assigned an overall rating of satisfactory based on the institution's performance under the Lending and Services Tests. A detailed description of the credit union's efforts, and results of those efforts, is detailed in the following report.

LENDING, INVESTMENT, AND SERVICE TEST TABLE

The following table indicates the performance level of **Metropolitan Credit Union, Chelsea, Massachusetts**, with respect to the lending, and service tests.

PERFORMANCE TESTS Metropolitan Credit Union		
Performance Levels	Lending Test*	Service Test
Outstanding		
High Satisfactory		
Satisfactory	X	X
Needs to Improve		
Substantial Non-Compliance		

*Note: The Lending Test is weighed more heavily than the Service Test when arriving at an overall rating.

DESCRIPTION OF INSTITUTION

Metropolitan Credit Union is a \$441.2 million dollar community credit union that was chartered in 1926. The main office is located at 200 Revere Beach Parkway in Chelsea, Massachusetts.

As of September 30, 2001, 64.2 percent of the credit union's total assets were in the form of loans. A wide range of loan products are offered at the credit union, such as mortgage loans, home equity loans, lines of credit, credit cards, new and used auto loans, personal loans, education loans and recreational vehicle loans. First mortgage real estate loans comprise 41.9 percent of its loan portfolio. The loan portfolio, however, has shifted from primarily consumer loans at the last CRA examination to primarily residential loans at this examination. Refer to the following table for the distribution of the credit union's loan portfolio.

Loan Portfolio

Loan Type	Amount	Percent
First Mortgage Real Estate Loans	118,616,923	41.9
Other Real Estate Loans	56,852,002	20.1
Unsecured Loans/Lines of Credit	52,850,738	18.7
Used Vehicle	28,444,423	10.0
New Vehicle	21,845,005	7.7
All Other Loans/Lines of Credit	4,619,287	1.6
Total	283,228,378	100.0

Source: 5300 Report, Statement of Financial Condition as of September 30, 2001.

Metropolitan Credit Union faces tremendous competition within its assessment area. This competition consists of several local institutions, a significant branch network of national banks, and a number of regional and national mortgage companies. A report generated by PCI Services, Inc., CRA Wiz, indicates that there were 547 institutions that have either originated and/or purchased HMDA-reportable loans within the credit union's assessment area. This report was utilized to obtain market share information for Metropolitan Credit Union and all other HMDA reportable lenders within its assessment area.

In August 1999, Metropolitan Credit Union was approved for credit union parity powers with federal credit unions by the Division of Banks. Among powers approved were Community Investment Loan Pools, 12 Year Consumer Loans; 100 percent Automobile Financing; Lines of Credit and Credit Cards; Loans for Manufactured Homes; Loans for Boats, Campers and Trailers, 40 Year Residential Mortgages; 95 Percent Loan to Value Residential Mortgages; Purchase and Sale of Loan Portfolios and Consumer Loan Participations.

The previous examination for compliance with the Community Reinvestment Act was conducted by the Division of Banks on October 5, 1999. That examination resulted in a rating of Satisfactory.

DESCRIPTION OF ASSESSMENT AREA

Demographic and Economic Data

The Metropolitan Credit Union's assessment area consists of 38 cities and towns located in four counties and three Metropolitan Statistical Areas (MSAs). The cities of Chelsea and Revere and the Town of Winthrop are within Suffolk County. The cities of Beverly, Lawrence, Lynn, Peabody, and Salem and the Towns of Andover, Danvers, Lynnfield, Marblehead, Methuen, Nahant, Saugus and Swampscott are within Essex County. The cities of Cambridge, Everett, Malden, Medford, Melrose, Newton, Somerville and Woburn and the Towns of Arlington, Belmont, Billerica, Burlington, Framingham, Natick, North Reading, Reading, Stoneham, Wakefield, Watertown, Wilmington, and Winchester are within Middlesex County. The Town of Wellesley is located in Norfolk County. All cities and towns are located within the Boston MSA, with the exception of Billerica which is located in the Lowell MSA and Lawrence, Andover and Methuen which are located within the Lawrence MSA.

The credit union's assessment area is comprised of 291 census tracts. Census tracts are defined as either low, moderate, middle or upper-income based on the Median Family Household Income (FHI) within the census tract. The credit union's assessment area consists of 17 low-income census tracts or 5.8 percent of the total number of census tracts, 66 or 22.7 percent as moderate-income, 139 or 47.8 percent as middle-income, and 65 or 22.3 percent as upper-income. It should also be noted that 4 census tracts or 1.4 percent of the total number of census tracts have no income designation (NA). These census tracts are located as follows: one in Chelsea (1607.00), one in Danvers (2115.00), and two in Methuen (2702.97 and 2702.98). These census tracts do not contain any housing units, therefore, are considered an anomaly and are not included in the analysis of HMDA reportable loans. Please refer to the following table for the breakdown of census tracts by income categories.

Selected Housing Characteristics by Income Category of the Geography							
Geographic Income Category	Percentage						Median Home Value
	Census Tracts	Households	Housing Units	Owner-Occupied	Rental Units	Vacant Units	
Low	5.8	3.2	3.5	0.8	6.7	8.5	\$113,533
Moderate	22.7	21.5	22.1	13.7	31.6	31.9	\$147,968
Middle	47.8	53.5	53.0	55.5	50.5	44.5	\$182,681
Upper	22.3	21.8	21.4	30.0	11.2	15.1	\$278,361
NA	1.4	0.0	0.0	0.0	0.0	0.0	0
Total or Median	100.0	100.0	100.0	100.0	100.0	100.0	\$180,636

Source: U.S. Census

According to 1990 U.S. Census data, the total population within the assessment area is 1,402,825. There are 563,038 housing units within the assessment area, of which 52.9 percent are owner-occupied, 42.0 percent are renter-occupied, and 5.1 percent are vacant. The owner occupancy level ranged from a low of 12.2 percent in the low-income tracts to a high of 74.1 percent in the upper-income census tracts.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

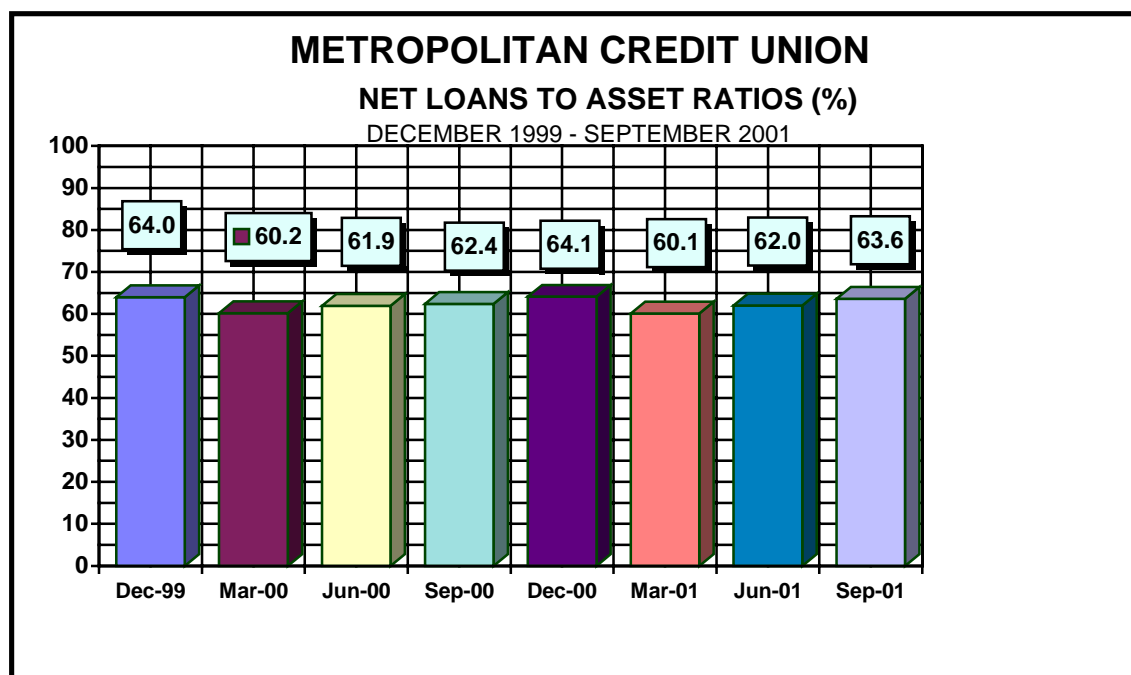
LENDING TEST

Metropolitan Credit Union's Lending Test performance was rated an overall "Satisfactory." The institution's lending efforts are rated under the seven major performance criteria: Lending Activity, Geographic Distribution, Borrower Characteristics, Community Development Lending, Innovative or Flexible Lending Practices, Fair Lending, and Loss of Affordable Housing. The following information details the data compiled and reviewed, as well as conclusions on the credit union's performance.

I. Lending Activity

As of September 30, 2001 Metropolitan Credit Union had assets totaling approximately \$441,156,238, of which 64.2 percent were in the form of loans. An analysis was performed in relation to the institution's net loans to assets over the last eight quarters from December 31, 1999 to September 30, 2001. The ratios indicate the level and trend of the institution's lending activities in relation to its total assets over that specific period.

The asset size of the credit union has shown a 29.7 percent increase over this eight-quarter time frame, increasing from \$340,189,520 to the current level of \$441,156,238. During the same period, the credit union's dollar amount of net loans increased by 28.9 percent, which is slightly lower than the overall percentage of asset growth, resulting in a decrease in the credit union's loan to asset ratio. The net loan to asset ratio has remained steady over the time period with an average of 62.3 percent. The following graph details the net loan to asset ratios for the period under review.



Source: FFIEC Call Reports 12/31/99 through 9/30/01.

Further analysis was conducted on the credit union's net loan to share ratio for the eight quarters under review. During this period, share deposit growth slightly outpaced loan growth with an increase of 29.9 percent and 28.9 percent, respectively. The net loan to share ratio has decreased slightly and the average ratio currently stands at 71.9 percent.

HMDA-Reportable Lending Inside/Outside of Assessment Area

Metropolitan Credit Union's 2000 and year-to-date October 31, 2001 Loan Application Registers (LARs) were reviewed to determine the amount of credit extended within the credit union's delineated assessment area. During this period, the credit union originated 1,201 HMDA-reportable loans totaling approximately \$109,210,000. Of this amount, 711 loans, or 59.2 percent of the number, totaling \$64,165,000, or 58.8 percent of the dollar amount were originated in the credit union's assessment area.

Refer to the following table for additional information regarding the credit union's HMDA-reportable loans

Distribution of Home Mortgage Loans Inside and Outside of the Assessment Area								
Year	Inside				Outside			
	Number of Loans		Dollar in Loans (000s)		Number of Loans		Dollars in Loans (000s)	
	#	%	\$	%	#	%	\$	%
2000	312	56.6	17,519	54.7	239	43.4	14,539	45.3
2001-	399	61.4	46,646	60.5	251	38.6	30,506	39.5
Total	711	59.2	64,165	58.8	490	40.8	45,045	41.2

Source: 2000 & year-to-date October 31, 2001 HMDA LAR & CRA Wiz
2001 data is year to date

Based on the above information, it is evident the credit union has made an effort to meet the credit needs throughout its assessment area. Overall, the credit union's penetration of its assessment area with respect to HMDA reportable lending is considered reasonable, with an adequate amount of lending activity within the assessment area.

II. Geographic Distribution

The HMDA reportable loans located within the credit union's assessment area were further analyzed to determine their location by census tract income level. The following table provides a breakdown, by number, of the credit union's HMDA reportable loans within its assessment area according to census tract income level. The table also shows the loans in comparison to the percentage total of owner-occupied housing units in each of the census tract income categories. Additionally, the geographic distribution of the credit union's loans was also compared to that of the aggregate, which consist of all other HMDA-reportable lenders that have originated and/or purchased HMDA reportable loans within the assessment area. Other HMDA reporters include bank and non-bank entities such as large national banking companies, local banks, other credit unions, and mortgage companies. The aggregate lending data relates to calendar year 2000 and is also presented in the following table.

Distribution of HMDA Loans by Income Category of the Census Tract								
Census Tract Income Level	% Total Owner-Occupied Housing Units	Aggregate Lending Data (% of #)	2000		2001-YTD		Total	
			2000	#	%	#	%	#
Low	0.8	2.4	2	0.6	5	1.3	7	1.0
Moderate	13.7	19.3	37	11.9	71	17.8	108	15.2
Middle	55.5	54.1	188	60.3	242	60.6	430	60.5
Upper	30.0	24.2	85	27.2	81	20.3	166	23.3
Total	100	100	312	100	399	100	711	100

Source: U.S. Census, 2000 & year-to-date October 31, 2001 HMDA LAR, and HMDA Aggregate Data CRA Wiz.

As shown in the above table, 16.2 percent of the credit union's total loans by number for the period were within low and moderate-income census tracts, which is in line with the percent of owner-occupied housing units in those areas. The distribution by dollar amount is also considered reasonable with 15.6 percent to low and moderate-income census tracts. The credit union's HMDA lending in 2000 is slightly below that of the aggregate in both low and moderate-income tracts. However, performance levels of the institution in low and moderate-income census tracts appears to be reasonable given the limited opportunities based upon the number of owner occupied properties and strong local competition.

III. Borrower Characteristics

The credit union's residential loans were further analyzed to determine the distribution of lending by borrower income level. The borrowers' reported incomes were compared to the median family incomes for the Lawrence MA - NH, Boston MA - NH, or Lowell MA - NH Metropolitan Statistical Areas (MSA), depending on the location of the property. These income figures are based on estimated Department of Housing and Urban Development (HUD) information. Refer to the following table for a breakdown of the estimated 2000 and 2001 HUD information.

MSA	2000	2001
Boston	65,500	70,000
Lowell	64,900	70,200
Lawrence	60,800	64,100

Low-income is defined by the US Census Bureau as income below 50 percent of the median family income level for the MSA. Moderate-income is defined as income between 50 percent and 79 percent of the median family income level for the MSA. Middle-income is defined as income between 80 percent and 119 percent of the median income. Upper-income is defined as income equal to or greater than 120 percent of the median income.

The following table shows the number of HMDA loans to low, moderate, middle and upper-income borrowers in comparison to the percentage of households in the assessment area in each respective income group. The distribution of the credit union's loans among various borrower income levels may also be compared to that of the aggregate. The aggregate analysis relates to calendar year 2000 and is also presented in the following table.

Distribution of HMDA Loans by Borrower Income								
Median Family Income Level	% Total Households	Aggregate Lending Data (% of #)	2000		2001-YTD		Total	
			2000	#	%	#	%	%
Low	3.2	4.9	12	3.8	34	8.5	46	6.5
Moderate	21.5	15.1	30	9.6	88	22.1	118	16.6
Middle	53.5	22.7	106	34.0	134	33.6	240	33.7
Upper	21.8	35.4	164	52.6	143	35.8	307	43.2
NA	0.0	21.9	0	0.0	0	0.0	0	0.0
Total	100.0	100.0	312	100.0	399	100.0	711	100.0

Source: U.S. Census, 2000 & year-to-date October 31, 2001 HMDA LAR, and HMDA Aggregate Data

In the period reviewed, the credit union extended a total of 46 loans to low-income borrowers representing 6.5 per cent of all loans and 118 loans to moderate-income borrowers representing 16.6 percent of loans. Together these loans represent 17.8 percent by dollar amount of the total loans originated within the assessment area during this period. The credit union's percentage of lending to low-income borrowers exceeds the proportion of low-income households, while the percentage of lending to moderate-income borrowers is somewhat below their representation within the overall households.

The distribution of the credit union's residential loans to low and moderate-income borrowers is lower than that of the aggregate for calendar year 2000. The credit union originated 3.8 percent of loans to low-income borrowers, versus 4.9 percent by the aggregate. Additionally, the credit union made 9.6 percent of its loans to moderate-income borrowers in comparison to 15.1 percent by the aggregate. However, lending to low and moderate-income borrowers in 2001 improved substantially over 2000. The distribution of HMDA-reportable loans by borrower income demonstrates the credit union's ability and willingness to lend to borrowers of all income levels, including those of low and moderate income. Given the demographics of the credit union's assessment area, the borrower distribution appears to reflect a good penetration among individuals of different incomes.

Consumer Lending

An analysis of the credit union's consumer loans originated year-to-date October 31, 2001 was also conducted during this examination. Information was obtained by utilizing internally generated reports. Approximately, 6,378 consumer loans were originated during this time frame. Of this amount, approximately 3,172 or 49.7 percent of the total number of consumer loans were originated within the credit unions assessment area.

The number of consumer loans was further analyzed to determine the location by census tract income level. Of the 3,172 consumer loans originated within the credit union's assessment area, 6.1 percent were located in low-income census tracts, 29.1 percent were located in moderate-income census tracts, 49.8 percent were located in middle-income census tracts, 12.5 percent were located in upper-income census tracts, and the remaining 2.5 percent were in locations designated as NA. Based upon the preceding factors, Metropolitan Credit Union's distribution among census tract income levels is considered reasonable.

An analysis of consumer loans for the year 2000 was not conducted since the tracking system utilized was unavailable for that period.

IV. Community Development Lending

In addition to the lending performance criteria detailed above, a review of the institution's qualified community development lending activities was also performed. Metropolitan Credit Union granted two loans that qualify under the definition of community development loans. These loans are detailed below.

Admiral's Hill Assisted Living Limited Partnership II - The credit union is the leading participant in financing the construction of an assisted living facility at Admiral's Hill, in Chelsea. The Florence Chafetz Home for Specialized Care will be a 36-unit affordable assisted living residence designed specifically for elders with special needs, such as memory loss or increased frailty. Approximately 27 of the 36 units will be set aside for low-income elders. Total development costs are projected to be \$6,000,000. The credit union has committed to construction financing of \$500,000, which has been secured through the Federal Home Loan Bank of Boston. This funding source allows for below market interest rates for the term of the loan.

In addition, the credit union secured a direct subsidy totaling \$400,000 from the Federal Home Loan Bank of Boston Affordable Housing Program for the construction of this 36 individual room assisted living facility. Metropolitan Credit Union applied to the Federal Home Loan Bank in 1999 and received an initial grant of \$250,000 in 2000. An additional \$150,000 was granted in 2001.

Chelsea Neighborhood Housing Services – In March of 2000, the credit union granted a below market, fixed interest rate first mortgage loan of \$115,500 to the Chelsea Neighborhood Housing Services, a community based, non-profit organization dedicated to revitalizing low-income neighborhoods in the City of Chelsea. Chelsea residents, city officials, and representatives of lending institutions formed the organization in 1979. CNHS provides mortgage assistance and renovates properties for rental as well as resale primarily to low and moderate-income individuals who are residents of Chelsea. The loan is for the acquisition of a building located in Chelsea that is currently being used as a day care facility.

V. Innovative or Flexible Lending Practices

In 2001, Metropolitan Credit Union instituted a First Time Home Buyer's Program that is designed to ease qualifying for a home mortgage. Low to moderate-income borrowers can benefit by the no point reduced costs or no closing cost programs, low discounted interest rate, reduced down payment of 5 percent, of which 2 percent can be in the form of a gift, and expanded ratios. The credit union has granted three loans totaling \$688,620 since the program's inception in May of 2001. There are currently six loans in the pipeline that are scheduled to close after this examination date that total \$1,322,400.

The credit union also offers a home improvement loan through the Federal Housing Administration (FHA) Title I program. This program offers below market rates on eligible properties including single and multi-family owner occupied residences. There is no equity requirement and all fees are paid by the Metropolitan Credit Union. In 2000, three loans totaling \$47,524.24 were originated under this program. No loans were originated in 2001, due to the lack of demand for this program.

VI. Fair Lending Policies and Practices

All employees are provided with training appropriate to their job description and their responsibilities in fair lending issues. This includes information regarding both technical requirements, as well as the more substantive and subtle issues related to unintentional discrimination and quality of assistance.

Metropolitan Credit Union markets its services and products to the community through a variety of media including print, television, and radio. Advertisements are also provided in foreign language publications. Seminars are also conducted in order to make potential customers aware of the services the credit union provides.

The credit union maintains a formal Second Review Program that requires all residential real estate related applications that are slated for denial to be reviewed by an objective third party. The purpose of the review is to ensure that the decision making process was performed fairly and in compliance with fair lending practices. The credit union's management conducts quarterly HMDA reviews, while the audit department conducts a semi annual HMDA review. In addition, the credit union regularly employs outside consultants to perform fair lending evaluations.

MINORITY APPLICATION FLOW

The Loan Application Register (LAR) for year-to-date October 31, 2001 was reviewed to determine if the application flow from different racial groups represented in the credit union's assessment area was reflective of the area's demographics. Of the total HMDA reportable applications received from within the credit union's assessment area in 2000, 88.9 percent were from white applicants, 10.9 percent were from minority applicants, and the remaining

0.2 percent did not have any information. The credit union's assessment area consists of 88.4 percent white and 11.6 percent minority.

Metropolitan Credit Union's minority application flow was also compared to the aggregate lenders. Aggregate lending institutions received 11.9 percent of all applications received from within its assessment area from minority applicants, while Metropolitan Credit Union received 10.9 percent of its applications from minorities. Refer to the following table.

MINORITY APPLICATION FLOW*								
RACE	AGGREGATE DATA 2000		CREDIT UNION 2000		CREDIT UNION 2001-YTD		CREDIT UNION TOTAL	
	#	%	#	%	#	%	#	%
<i>Native American</i>	160	0.2	2	0.4	0	0.0	2	0.2
<i>Asian</i>	1,945	2.7	8	1.7	25	4.4	33	3.1
<i>Black</i>	1,320	1.8	10	2.2	25	4.2	35	3.3
<i>Hispanic</i>	3,582	4.9	24	5.1	48	8.1	72	6.8
<i>Other</i>	1,624	2.3	7	1.5	16	2.7	23	2.1
Total Minority	8,631	11.9	51	10.9	114	19.2	165	15.5
<i>White</i>	39,114	54.0	415	88.9	480	80.6	895	84.3
<i>NA</i>	24,748	34.1	1	0.2	1	0.2	2	0.2
Total	72,492	100.0	467	100.0	595	100.0	1,062	100.0

*Source: PCI Services, Inc., CRA Wiz Software.

Of the total 51 minority applications received by the credit union in 2000, 22 or 43.1 percent of the total were originated, 18 or 35.3 percent were denied, 7 or 13.7 were withdrawn, and 4 or 7.8 percent were approved not accepted. These figures were also compared to that of the aggregate. Of the total number of minority applications received by the aggregate, 63.6 were originated, 18.6 were denied, 10.1 were withdrawn, and 7.8 percent were approved not accepted.

Metropolitan Credit Union has displayed an acceptable record of attracting minority applicants to its programs.

VII. Loss of Affordable Housing

Metropolitan Credit Union has not engaged in any practice that would result in the loss of affordable housing. The credit union offers credit products with flexible lending criteria and participates in government lending programs, assisting low and moderate-income individuals to remain in their neighborhoods.

SERVICE TEST

The Service Test evaluates an institution's record of helping to meet the credit needs of its assessment area by analyzing both the availability and effectiveness of an institution's systems for delivering retail banking services and the extent and innovativeness of its community development services.

Overall, Metropolitan Credit Union has demonstrated a good performance with regard to the service test criteria. Retail banking services and products appear to offer members the flexibility and convenience expected from an institution of this size. The following details Metropolitan Credit Union's services.

Retail Banking Services

Distribution of Branches

In addition to its main office, Metropolitan Credit Union operates four full-service branch offices in Peabody, Lawrence, Framingham, and Burlington. The credit union also operates an educational branch at Chelsea High School for withdrawals and deposits only, and numerous ATM locations. The main office is located in Chelsea at 200 Revere Beach Parkway, which is designated as a moderate-income census tract. The Peabody and Lawrence branches are also located in moderate-income census tracts. The Framingham branch and the Burlington branch are located in a middle and upper-income census tract, respectively. The Chelsea High School branch, staffed by students, is limited to students and school personnel and only operates during the school year. Chelsea High School is located in a low-income census tract. The distribution of offices provides easy access to services for geographies of all income categories, including low and moderate-income geographies.

Record of Opening and Closing Branches

The credit union maintains a formal Branch Opening/Closing Policy, which outlines appropriate procedures to be followed should the decision be made to close or open an office. The current policy was last reviewed and approved by the Board on March 31, 2001. No offices have been closed since the previous examination. However, ten cash dispensing ATMs have been installed at several businesses since the previous examination. These ATMs are available to members as well as non-members. Six of the ten ATMs are located in Metropolitan Credit Union's assessment area. The ATM at Melrose-Wakefield Hospital is temporarily out of service pending hospital renovations.

Alternative Retail Services

Services and hours of operation compare favorably to those of competing institutions and afford accessibility to all segments of the bank's assessment area. All of the full service offices provide extended hours during the week and the drive-up window at the main office opens earlier to provide additional convenience for its members. Of the 179

employees at Metropolitan Credit Union, 55 are Bi-lingual. This provides better service to members of different ethnic backgrounds. A second language directory has been instituted at the credit union, whereby a list is maintained of all employees who have fluency in a language other than English. Credit Union personnel needing translation assistance can use this directory.

Metropolitan Credit Union operates a total of 15 Automated Teller Machines (ATMs). They are located at the main office, the Lawrence branch, and the Burlington branch. The remaining ATMs are maintained at numerous work sites located in and around its assessment area. These work site ATMs are cash dispensing only and do not accept deposits. All ATMs are linked to the Cirrus, NYCE, TX, Exchange, and SUM networks. As a member of the SUM network, which is a surcharge-free alliance of several financial institutions that include over 1,000 ATMs throughout Massachusetts. The credit union's members can avoid ATM surcharges by conducting business at alliance members' ATMs that bear the SUM logo.

Metropolitan Credit Union participates in the NYCE Shared Deposit Program, a program similar to the SUM program. The Shared Deposit Program enables members the convenience of making deposits at participating NYCE ATMs throughout the Commonwealth and have those funds credited to their account at Metropolitan Credit Union.

Members and potential members can obtain general bank information such as branch hours, branch location, products, and services, etc. through the credit union's web site at www.metrocreditunion.com. In addition, Internet banking facilitates access to the credit union's services by allowing members to access their account balances, review account history, reconcile accounts, withdraw funds, transfer funds, and pay bills. Members can also apply for loans by using this site. In addition, members can access their accounts through web-enabled phones or a palm pilot.

Metropolitan Credit Union offers members 24-hour account access through its automated telephone banking system known as Metropolitan Audio Telephone Teller (MATT). By utilizing MATT, members can access their accounts, obtain balance inquiries, transfer funds from one account to another, determine if a check has cleared, and make withdrawals. This service is available to all members in both English and Spanish and is free of charge. Additional telephone services allow members to obtain rate information and apply for a loan during regular business hours.

Bank by mail service is provided to all of the credit union's customers and prospective customers.

Educational Seminars

An educational facility was established at Chelsea High School in 1997. This limited service branch is opened during the school year, three days a week. The credit union's Training Manager has provided many students with practical experience through their involvement with the branch's daily operations and excellent education in financial responsibility including the proper use of credit. This service also provides an opportunity for selected students to develop work skills and gain knowledge of a business environment. Students are given job applications and are interviewed for the opportunity to work in internship at the high school branch. The selected students complete a training program, which includes general business skills, quality service and sales and product training. Students who work at the branch location are eligible for scholarships from the credit union.

In 2000 and 2001, Management of the credit union educated members and potential members about its various products, and services at numerous work locations in and around its assessment area. Topics included its First Time Home Buyer Program, Mortgages, Refinance, Home Improvement Loans, Value Checking Account, Savings Accounts, and Lending Programs.

On June 26, 2001, representatives of Metropolitan Credit Union conducted a First Time Home Buyer seminar at the Chelsea Jewish Nursing Home. The seminar explained the process of purchasing and financing a home. A local Spanish speaking realtor and an attorney were available to answer questions.

Other Services

Metropolitan Credit Union offers members special auto and homeowners insurance discounts, through a local insurance company. By utilizing this local insurance company, members are entitled to reduced rates on their insurance premiums.

Community Development Services

The CRA regulation defines a community development service as a service that is primarily for a community development purpose, and is related to the provision of financial services. Detailed below are Metropolitan Credit Union's qualified community development services.

Metropolitan Credit Union has expended considerable time and effort assisting local non-profits in preparing applications and securing funds from the Federal Home Loan Bank of Boston. The credit union was instrumental in obtaining a \$400,000 grant from the Federal Home Loan Bank of Boston Affordable Housing Program in 2001. This grant is for the development of a 32-unit, assisted living facility for Alzheimer's patients.

A Business Development Representative of the credit union is a member of the executive committee of the Chelsea Human Services Collaborative. This organization provides services to the lower income immigrants in the City of Chelsea. The collaborative provides support to these citizens in housing, environmental programs and immigrant services.

An Assistant Vice President & Branch Manager of the credit union is involved in fundraising for the North Shore Association for Retarded Citizens (N.S.A.R.C.). This nonprofit organization assists developmentally disabled individuals and families by providing beneficial programs such as educational, physical and occupational therapy, and social services. This organization also provides support to these individuals and families in obtaining medical equipment and treatment.

Officers and employees are also involved in many civic, charitable, religious and fraternal organizations located throughout the assessment area. Although all may not qualify as community development, they provide valuable services to the local community.

APPENDIX A

SCOPE OF EXAMINATION

Metropolitan Credit Union has one assessment area that consists of 38 communities. All of the communities are located in the Boston Metropolitan Area (MSA), with the exception of Billerica which is located in Lowell MSA, and Lawrence, Andover, and Methuen, which are located in the Lawrence MSA. The institution's CRA performance was reviewed using the large institution examination procedures for credit unions. The time period covered in this examination was January 1, 2000 through October 31, 2001, using data as available.

All loans recorded on the credit union's 2000 and year to date October 31, 2001 HMDA/LAR were included in the evaluation of the bank's lending performance. In addition, all consumer loans originated in year to date October 31, 2001 were included in the evaluation of the credit union's lending performance. Comparative analysis obtained from CRA WIZ was reviewed during the examination for calendar year 2000. The credit union's performance relating to qualified community development lending, and services were also evaluated.

THE COMMONWEALTH OF MASSACHUSETTS

To the COMMISSIONER OF BANKS:

THIS IS TO CERTIFY, that the report of examination of the

METROPOLITAN CREDIT UNION

for compliance with applicable consumer and fair lending rules and regulations and the Community Reinvestment Act (CRA), as of the close of business **NOVEMBER 7, 2001**, has been read to or by the undersigned and the matters referred to therein will have our immediate attention.

_____	_____
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A majority of the Board of Directors/Trustees

Dated at _____ this _____ day of _____ 20 ____

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at (Address at main office)."

[Please Note: If the institution has more than one assessment area, each office (other than off-premises electronic deposit facilities) in that assessment area shall also include the address of the designated office for that assessment area.]

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee, which does not exceed the cost of reproduction, and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agency may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.

